

Message Text

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PAGE 01 LONDON 03169 241951Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04
NSAE-00 SIL-01 DODE-00 PA-02 USIA-15 PRS-01 SP-02
/053 W

-----250221 031739 /64

R 241925Z FEB 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 0955

UNCLAS LONDON 03169

E.O. 1L652: N/A
TAGS: ELAB, PINT, UK
SUBJECT: FEBRUARY UNEMPLOYMENT FIGURES SHOW IMPROVEMENT

REF: LONDON 1418

SUMMARY. THE UNEMPLOYMENT SITUATION IN THE UK IMPROVED SLIGHTLY DURING FEBRUARY, THOUGH THE IMPROVEMENT DOES NOT INDICATE A REVERSAL OF THE LONG TERM TREND. DESPITE THESE LATEST FIGURES, UNEMPLOYMENT IS STILL 9 PERCENT MORE THAN A YEAR AGO. END SUMMARY.

1. FIGURES RELEASED TUESDAY (FEBRUARY 22) BY THE DEPARTMENT OF EMPLOYMENT (DE) INDICATED THAT THE RATE OF UNEMPLOYMENT IN THE UK FELL FROM MID-JANUARY TO MID-FEBRUARY. THE ACTUAL NUMBER OF REGISTERED UNEMPLOYED WAS 1,421,818 ON FEBRUARY 10, WHICH IS 26,375 LESS THAN ONE MONTH PREVIOUSLY. SEASONALLY ADJUSTED ADULT UNEMPLOYMENT IN THE UK FELL BY 6,800 TO A TOTAL OF 1'331,400 OR 5.6 PERCENT OF THE WORK FORCE. THIS COMPARES WITH THE FIGURE OF 5.7 PERCENT LAST MONTH (REFTEL).

2. THESE FIGURES REPRESENT THE FIRST REDUCTION IN TOTAL UNEMPLOYMENT IN FOUR MONTHS, AND ARE THE BEST FIGURES SEEN SINCE OCTOBER 1976. THE FALL IN THE SEASONALLY
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ADJUSTED TOTAL IS ONLY THE THIRD SUCH REDUCTION RECORDED SINCE JUNE 1974 AND IS AGAKST THE TREND OF THE PAST YEAR WHICH HAS SEEN AVERAGE INCREASES OF AROUND 11.000 PER MONTH.

3. THOUGH THE FIGURES ARE BETTER THAN THOSE OF THE RECENT PAST. AND INDEED ARE BETTER THAN THE PREDICTIONS

OF THE LAST FEW DAYS, ENTHUSIASM WAS TEMPERED BY THE KNOWLEDGE THAT THERE WERE 117,402 MORE PEOPLE REGISTERED AS UNEMPLOYED THAN IN FEBRUARY 1976. THIS REPRESENTS AN INCREASE OVER THE YEAR OF 9 PERCENT.

4. THE STATISTICS RELATING TO THE NUMBER OF UNFILLED VACANCIES POSE PROBLEMS OF ASSESSMENT AS THEY ARE THE FIRST SUCH FIGURES TO BE PUBLISHED SINCE OCTOBER 1976 OWING TO AN INDUSTRIAL DISPUTE AT THE DEPARTMENT OF EMPLOYMENT. HOWEVER' COMPARISON WITH THOSE FIGURES REVEALS THAT THE NUMBER OF SEASONALLY ADJUSTED VACANCIES INCREASED BY 26,000 TO 150,500.

5. WHILE GOVERNMENT SPOKESMEN WERE PLEASED BY THE STATISTICS, OFFICIAL REACTION REMAINED MUTED SINCE THE MONTHLY RESULTS ARE COUNTER TO THE CURRENT TREND OF INCREASING UNEMPLOYMENT AND A NUMBER OF PROJECTIONS FROM UNOFFICIAL SOURCES THAT ESTIMATE THAT UNEMPLOYMENT COULD REACH 1.75 MILLION BY THE END OF THE YEAR. FEB. 23 IT WAS STRESSED IN THE MEDIA (PARTICULARLY IN THE FINANCIAL TIMES) THAT THE RESULTS FOR A SINGLE MONTH DO NOT IMPLY A FUNDAMENTAL CHANGE IN THE DIRECTION OF THE TREND.

6. EXPLANATIONS OF THE IMPROVEMENT IN THE FEBRUARY FIGURES MAY BE RELATED TO THE SLIGHT UPTURN IN THE LEVEL OF ECONOMIC ACTIVITY IN RECENT MONTHS AND GOVERNMENT MEASURES TO BOOST EMPLOYMENT. THE RESULTS MAY PROVIDE ONE ENCOURAGEMENT FOR GOVERNMENT FROM OFFICIAL ECONOMIC INDICATORS DURING ITS ATTEMPT TO NEGOTIATE A THIRD STAGE
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OF INCOMES POLICY WITH THE TUC. HOWEVER, TUC REACTION WAS LESS THAN EUPHORIC YESTERDAY, AS THEY GREETED THE NEWS WITH A CALL FOR A REFLATIONARY BUDGET. MR. DAVID BASNETT, GENERAL SECRETARY OF THE GENERAL AND MUNICIPAL WORKERS UNION AND AN INFLUENTIAL MEMBER OF THE TUC EXECUTIVE COUNCIL, SAID THAT THE FORTHCOMING BUDGET SHOULD INCREASE GOVERNMENT EXPENDITURE ON PROGRAMS TO STIMULATE EMPLOYMENT.

ARMSTRONG

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, DATA, EMPLOYMENT, LABOR FORCE
Control Number: n/a
Copy: SINGLE
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Document Source: CORE
Document Unique ID: 00
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770065-0099
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
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Litigation Code IDs:
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Litigation History:
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Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 LONDON 1418
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3242613
Secure: OPEN
Status: NATIVE
Subject: FEBRUARY UNEMPLOYMENT FIGURES SHOW IMPROVEMENT
TAGS: ELAB, PINT, UK
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/2d6ac1bf-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009